

## Investing in Water Systems

The Infrastructure System Reinvestment Surcharge (ISRS) helped to fund more than \$\_\_\_ million in St. Louis County water system upgrades in 2007. This plan of continuous investment in water pipelines improves system reliability at a monthly cost of less than \$\_\_\_ for most residential customers.

### What is ISRS?

ISRS is the Infrastructure System Replacement Surcharge (ISRS) – a program authorized by the State of Missouri in 2003. The program allows Missouri American Water to fund necessary and ongoing improvements to our water infrastructure.

### What are the current ISRS rates?

Effective <date>, the Missouri Public Service Commission approved an increase in the ISRS surcharge. This increase will add an extra \_\_\_ cents per month for the average residential customer using 7,900 gallons of water per month. The surcharge rates are shown in the table below.

### Why do we need the ISRS program?

Missouri American Water uses the ISRS program to replace aging waterlines more quickly, using a planned, systematic approach. In St. Louis County, we maintain more than 4,200 miles of water mains. Throughout our system, many of the older water mains are wearing out due to age and corrosion. The resulting water main breaks can cause service interruptions, damage to property and inconvenience to our customers.

ISRS allows Missouri American water to replace these aging water lines more quickly. We use a systematic approach – identifying the replacement projects with good cost/benefit opportunities.

This infrastructure investment helps reduce the number of water main breaks, improve service reliability and fire protection and enhance the integrity of the water system for future generations.

### Is there regulatory oversight for these charges?

Yes. As water mains and other eligible infrastructures are replaced, the costs are accumulated and reviewed by the Missouri Public Service Commission (MoPSC). If the MoPSC approves the ISRS costs, Missouri American Water applies a surcharge to customer bills to recover, over time, the cost of system improvements.

### What is the impact on customer bills?

The costs of these ongoing system improvements are less than \$\_\_\_ per month for the average residential customer. Costs to make these improvements continue to grow. By investing in these upgrades now, we save construction costs over the long term and help to improve service reliability and fire protection for future generations.

Following is a summary of the ISRS surcharges, by customer type, as of <date>.

Customer	Rate per 100 cubic feet (CCF)
<b>Residential, Commercial or Other Public Authority</b>	\$
<b>Public Water Supply District</b>	\$
<b>Resale Customers</b>	\$
<b>Large Customers</b>	\$
ISRS is implemented pursuant to Sections 393.1000, 393.1003, 393.1006 RSMo; CSR 240-2.060 (1) and 4 CSR 240-3.650	